

SHIMA SEIKI MFG., LTD.

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Code number: 6222

Stock listings: Tokyo Stock Exchange (Prime)

Notice regarding revision of earnings forecast

SHIMA SEIKI MFG., LTD. announces that it has revised its consolidated and non-consolidated earnings forecasts for the second quarter of the fiscal year ending March 31, 2023 announced on May 10, 2022 based on recent performance trends.

Notes

1. Revision of consolidated earnings forecast

- (1) Revised consolidated earnings forecast for the 2nd quarter of the year ending March 31, 2023
(April 1, 2022 – September 30, 2022)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	21,500	100	300	100	Yen 2.90
Revised forecast (B)	17,900	-440	-210	-510	-14.78
Increase or decrease (B-A)	-3,600	-540	-510	-610	—
Percentage change (%)	-16.7	—	—	—	—
<Reference> Previous results (2 nd quarter of FY2021)	15,814	-1,558	-844	-1,068	-30.96

- (2) Revised consolidated earnings forecast for the year ending March 31, 2023
(April 1, 2022 – March 31, 2023)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	47,000	1,000	1,600	1,200	Yen 34.77
Revised forecast (B)	44,500	1,000	1,600	800	23.18
Increase or decrease (B-A)	-2,500	—	—	-400	—
Percentage change (%)	-5.3	—	—	-33.3	—
<Reference> Previous results (FY2021)	30,998	-4,296	-3,400	-3,589	-104.00

2. Revision of non-consolidated earnings forecast

(1) Revised non-consolidated earnings forecast for the 2nd quarter of the year ending March 31, 2023
(April 1, 2022 – September 30, 2022)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	17,000	-500	-200	-300	Yen -8.69
Revised forecast (B)	14,200	-1,250	-820	-850	-24.63
Increase or decrease (B-A)	-2,800	-750	-620	-550	—
Percentage change (%)	-16.5	—	—	—	—
<Reference> Previous results (2 nd quarter of FY2021)	12,876	-1,570	-925	-939	-27.22

(2) Revised non-consolidated earnings forecast for the year ending March 31, 2023
(April 1, 2022 – March 31, 2023)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecast (A)	39,000	0	700	500	Yen 14.49
Revised forecast (B)	36,200	-1,200	-700	-900	-26.08
Increase or decrease (B-A)	-2,800	-1,200	-1,400	-1,400	—
Percentage change (%)	-7.2	—	—	—	—
<Reference> Previous results (FY2021)	24,365	-4,080	-3,429	-3,783	-109.63

(Note) The above earnings forecasts are based on the information available and certain assumptions considered reasonable as of now, and actual business results may differ from forecasts due to various future factors.

3. Reasons for the revision

For the cumulative second quarter of the current consolidated fiscal year, orders increased for computerized flat knitting machines because demand for capital spending increased from the resumption of economic activities in European markets, and orders from large apparel companies are on a recovery trend in Bangladesh and other countries. In the Chinese market, one of the major markets, however, zero-COVID measures, including the lockdown in Shanghai, caused weaknesses in the business activities and investments in manufacturing facilities, and then sales were weak mainly for WHOLEGARMENT® flat knitting machines. Additionally, the effect of global confusion in the supply chain and difficulty in procuring raw materials caused problems in some production activities, and this prevented the company from determining delivery dates. As a result, it is expected that all net sales will be lower than initially estimated.

Income is expected to be below the initial forecasts mainly because of the increased price of

components and raw materials caused by the COVID-19 crisis and globally increased marine transportation costs in addition to decreased net sales. Therefore, the company is revising its (consolidated/unconsolidated) earnings forecasts for the second quarter.

It is expected that the globally short supply of semiconductors and other raw materials will move toward a resolution after the fourth quarter, and this will contribute to increased sales. Additionally demand for capital spending remains solid in the European markets, and consumer spending and production activities will gradually recover in the Chinese market mainly because of the effect of government support. It is assumed that operating results will be above the initial plan for the second half mainly in improvement in operating results of overseas subsidiaries.

Given the above, it is estimated that the company will ensure profits close to the initial forecasts for the consolidated fiscal year while it will record profits below the initial forecast for the unconsolidated fiscal year because of the large impact from the increased costs of sales. The JPY is assumed to be at 135 against the USD and the EUR for the second half.